

## Message Text

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ACTION AF-08

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02  
INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15  
USIA-15 AID-05 COME-00 EB-08 FRB-01 TRSE-00 XMB-04  
OPIC-06 LAB-04 SIL-01 OMB-01 INT-05 /112 W  
-----030146 114690 /63

R 021525Z MAR 77

FM AMEMBASSY BISSAU

TO SECSTATE WASHDC 0249

INFO AMEMBASSY CONAKRY

AMEMBASSY LIBREVILLE

AMEMBASSY LISBON

AMEMBASSY MAPUTO

AMEMBASSY MOSCOW

AMEMBASSY DAKAR BY POUCH

UNCLAS BISSAU 0100

E.O. 11652: N/A

TAGS: EAID, EMIN, BENC, PU

SUBJ: GUINEA-BISSAU - USSR BAUXITE AGREEMENT

1. GUIND-BISSAU AND USSR SIGNED BAUXITE EXPLORATION AGREE-  
MENT ON FEBRUARY 16. AGREEMENT IS FOR TWO-YEAR STUDY FOLLOWING  
UP ON PREVIOUS SOVIET INVESTIGATIONS BEUXITE DEPOSITS JULY-  
SEPTEMBER 1975. EXPLORATION COSTS WILL BE PAID FOR BY PART  
OF LOAN RECENTLY NEGOTIATED WITH SOVIET UNION (PROBABLY LOAN  
REPORTED BISSAU 0097 9/25/76). SOVIETS CLAIM TO EXPERTISE IN  
BAUXITE EXPLORATION BASED ON THEIR EXPERIENCE IN GUINEA-  
CONAKRY HAS BEEN ACCEPTED BY GOGB BUT PRESIDENT CABRAL  
INDICATED IN RECENT INTERVIEW (SEPTTEL) THAT NO COMMIT-  
MENT HAS BEEN MADE OR IS NOW BEING NEGOTIATED WITH ANY  
COMPANY OR COUNTRY FOR DEVELOPMENT OF BAUXITE. HE STRESSED  
GOGB WOULD MAKE PARTICULAR EFFORT, IN FACT, TO FIND  
WESTERN INVESTORS TO EXPLOIT BAUXITE PREFERABLY ACTING IN  
A CONSORTIUM.

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2. BACKGROUND: ACCORDING LOCAL SOURCES, N.V. BILLITON  
MAATSCHAPIJ, A DUTCH COMPANY, WAS GIVEN SEVENTY-YEAR  
CONCESSION TO DEVELOP BAUXITE IN BOE REGION IN 1957. BILLITON  
REPORTEDLY PREPARED STUDIES BUT NEVER ENGAGED IN EX-  
PLORATION. IN EARLY SIXTIES, BILLITON TRANSFERRED ALL ITS  
RIGHTS TO COMPANHIA LUSITANIA DOS ALUMINIOS DE GUINE E

ANGOLO (CLAGA). GLAGA NEVER DID ANYTHING AS BOE AREA LIES CLOSE TO BORDER WITH GUINEA-CONAKRY WHERE PAIGC GUERRILLAS HAD GAINED EARLY CONTROL OF COUNTRYSIDE.

3. BAUXITE IS LOCATED IN BOE REGION AND IS PROBABLY AN EXTENSION OF SANGAREDI DEPOSITS IN GUINEA-CONAKRY. NEWS REPORTS HAVE INDICATED RESERVES OF APPROXIMATELY 150 MILLION TONS BUT BILLITON APPARENTLY ESTABLISHED THAT RESERVES WERE 120 MILLION OF WHICH 24 MILLION TONS HAD BEEN TESTED AT 47 PERCENT ALUMINUM AND 3 PERCENT SILICA. REPORT OF SOVIET RESEARCH DONE IN 1975 INDICATES UP TO 500 MILLION TONS IN RESERVE IF MEDIUM AND LOW QUALITY PORTIONS INCLUDED. SAME SOVIET REPORT (COPY BEING POUCHED) CONTAINS ANALYSIS 48 SAMPLES TAKEN FROM VARIOUS PARTS OF BOE REGION WITH AVERAGE AL<sub>2</sub>O<sub>3</sub> CONTENT 49.5 PERCENT WITH AVERAGE 4.5 PERCENT SiO<sub>2</sub> CONTENT.

4. DEPOSITS ARE LOCATED 120-150 KILOMETERS FROM NEAREST POSSIBLE DEEP WATER PORT (BUBA). GOGB HOPES TO DEVELOP BUBA AS OUTLET PERHAPS USING FLAT-BOTTOM VESSELS TO TRANSPORT ORE DOWN CORUBAL RIVER TO PINT NEAR BUBA AND TRANSHIPPING BY ROAD. THIS SCHEME CLEARLY ONLY A DREAM AT PRESENT BUT INDICATES GOGB UNWILLINGNESS TO USE NEARBY GUINEA-CONAKRY'S ALREADY DEVELOPED RAIL OUTLET FOR BAUXITE. CURRAN

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Review Markings:**  
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